



# राजपत्र, हिमाचल प्रदेश (असाधारण)

हिमाचल प्रदेश शासन द्वारा प्रकाशित

शिमला, शुक्रवार, 22 जुलाई, 1960/31 आषाढ़, 1882

## HIMACHAL PRADESH ADMINISTRATION

### CO-OPERATION DEPARTMENT

#### NOTIFICATION

*Simla-4, the 25th May, 1960/4th Jyaishta, 1882*

**No. CS. 92-20/57-III.**—In supersession of Himachal Pradesh Government Notification No. R. 86-49/49, dated the 9th November, 1949 and No. R. 86-49/49, dated 28th November, 1953, and in exercise of the powers vested in him under section 118 of the Himachal Pradesh Co-operative Societies Act, 1956 (Act No. 13 of 1956), the Lieutenant Governor, Himachal Pradesh, has been pleased to make for the whole of Himachal Pradesh the Rules, as appended to this Notification, the same having been previously published as required by the said section.

• By order,  
R. L. GARGAVA,  
Secretary.

**RULES FRAMED UNDER SECTION 118 OF THE HIMACHAL  
PRADESH CO-OPERATIVE SOCIETIES ACT, 1956  
(ACT NO. 13 OF 1956)**

1. *Short title.*—These Rules may be called ‘the Himachal Pradesh Co-operative Societies Rules, 1960’.

2. *Definitions.*—In these Rules unless there is anything repugnant in the subject or context—

- (i) ‘The Act’ means the Himachal Pradesh Co-operative Societies Act, 1956.
- (ii) ‘Section’ means a section of the Act.
- (iii) ‘Borrowed Capital’ means the total of loans, deposits and other borrowings of a Co-operative Society.
- (iv) ‘Member’ includes delegates of members referred to in the proviso to sub-section (1) of section 24.
- (v) ‘Owned Capital’ means the total of paid up share-capital and accumulated Reserve Fund and other Funds created out of profits and undistributed profits minus accumulated losses of a Co-operative Society.
- (vi) ‘Schedule’ means the schedule of forms appended to these Rules.
- (vii) ‘Secretary’ means a person, who, subject to the control of the Managing Committee, has the management of affairs of a Co-operative Society, and includes a member of a Managing Committee or any other person discharging the duties of a Secretary by whatever name called and whether under a contract of service or not.
- (viii) ‘Working Capital’ means the total capital of a Co-operative Society consisting of borrowed capital and owned capital.
- (ix) ‘Share Capital’ means the subscribed share capital.
- (x) ‘Relative’ includes any one related to the person concerned or his wife through a common ancestor not more remote than a grand-father or any one married to a person so related.
- (xi) The term ‘Chairman’ shall also include President.
- (xii) Words and expressions not defined in these Rules and used in the Act shall have the meanings assigned to them in the Act.

### REGISTRATION

3. *Application for Registration.*—Every application for the registration of a society under sub-section (1) of section 8 shall be in the form prescribed by the Registrar. The copies of the proposed bye-laws accompanying the application for registration shall bear the signatures of not less than two of the applicants, duly authorised by the members of the proposed society.

4. *Matters to satisfy the Registrar.*—(a) On receipt of the application the Registrar shall satisfy himself that:—

- (i) The applicants have complied with the provisions of the Act and the Rules made thereunder;
- (ii) The proposed bye-laws are not contrary to the Act and the Rules;
- (iii) The proposed bye-laws are suitable for carrying out the objects and for ensuring the successful conduct of the business of the Society;

- (iv) The proposed society has reasonable chances of success with reference to local conditions;
- (v) The proposed society has been organized for promoting common economic interests of its members in accordance with Co-operative principles or for facilitating the operations of such society.

(b) Before passing final orders, the Registrar may call for such further information from the applicants or make such independent enquiries as he may deem necessary.

5. *Registration of a Society and refusal to register.*—(a) After the Registrar is satisfied, he may register the society and its bye-laws. A certificate of registration shall be issued to the Society and along with it a copy of the registered bye-laws shall be returned.

(b) If the Registrar refuses to register a Society, he shall record the reasons for his refusal and shall communicate the refusal by 'Registered post' to the President of the proposed society.

(c) It shall also be competent for the Registrar before registering a Society to make such additions or alterations in the draft bye-laws submitted with the application for registration as he may deem advisable provided that the written consent of the applicants is obtained to such additions or alterations.

6. *Change of Liability.*—(i) The prior approval of the Registrar for change of liability of a society under sub-section (3) of section 4 shall be obtained by the Committee by a resolution.

(ii) When a Co-operative Society resolves to change its form of liability under sub-section (3) of section 4 it shall adopt a proposal, for such amendments of its bye-laws as may be consequential and necessary for the safe conduct of its business and submit an application in the manner provided in rule 12 for registration of such amendments.

(iii) The notice required under sub-section (4) of section 4 shall be issued under a certificate of posting in the form to be determined by the Committee.

7. *Members interest.*—Whether the liability of the members of a society is limited or unlimited, no member other than a society shall hold more than one fifth of the share-capital of the society or have or claim any interest in the Shares of the society exceeding ten thousand rupees, whichever is less.

8. *Conditions of membership.*—(1) No person shall be eligible for admission as a member of the society if he—

- (a) is an applicant to be adjudicated a bankrupt or an insolvent or is an uncertificated bankrupt; or is an undischarged insolvent; or
- (b) has been sentenced for any offence involving moral turpitude and such sentence has not been reversed or has not been pardoned; or
- (c) is a minor except when he happens to be a minor heir or nominee of a deceased member; or
- (d) is of unsound mind; or
- (e) is not a resident of the area of operation of the society as specified in the bye-laws of the society.

(2) A member of a society shall cease to be a member of the society, if he—

- (a) applies to be adjudicated or is an adjudicated bankrupt or an insolvent; or
- (b) is sentenced for any such offence as is prescribed in clause (b) of sub-rule (1); or

(c) becomes of unsound mind; or

(d) leaves his residence in the area of operation of the society.

(3) A member of a society may be expelled from membership for such reasons as may be specified in the bye-laws.

9. *Restriction on re-admission of expelled member.*—No member of a society who has been expelled under the provisions of its bye-laws shall be eligible for re-admission as a member of that society or for admission as a member of any other society, for a period of two years from the date of such expulsion:

Provided that the Registrar may, in special circumstances, sanction the re-admission or admission within the said period of any such member as a member of the same society or of any other society, as the case may be.

10. *Membership in two Credit Societies prohibited.*—No person being a member of a credit society, or of a society which advances loans except a land mortgage bank, or financing bank, shall be a member of any other credit society or of such society as advances loans to its members without the general or special sanction of the Registrar; and where a person has become a member of two such societies, either or both of the societies shall be bound to remove him from membership upon a written requisition from the Registrar to that effect.

11. *Bye-laws.*—A society shall make bye-laws in respect of the following matters:—

- (a) Name and registered address;
- (b) Area of operation;
- (c) The objects for which the society is established;
- (d) The qualifications for membership and the terms of admission of members;
- (e) Nature and the extent of the liability of members;
- (f) The purposes to which the funds may be applied;
- (g) Withdrawal and expulsion of members; and the payments, if any, to be made to such members;
- (h) Transfer of shares or the interest of such members;
- (i) Manner of raising funds;
- (j) General meeting and the procedure and the powers of such meeting;
- (k) Appointment, supervision and removal of the officers of the society and members of the managing committee or the Board of Directors;
- (l) Powers and duties of the Managing Committee or the Board of Directors and the officers of the society;
- (m) Disposal of profits;
- (n) Authorisation of an Officer to sign documents on behalf of the society;
- (o) The general conduct of the business of the society and internal supervision and check; and in a society which advances loans to its members.—
- (p) Conditions of granting loans, determination of the maximum and normal credit of members under short and medium term loans;
- (q) Rate of interest on loans;

- (r) Purposes for which loan may be advanced;
- (s) Security for repayment of loans;
- (t) Extension of the period of repayment, and renewals of loans; and
- (u) Imposition of fines and penalties on members and consequences of the failure of any member to pay any sum due.

12. *Amendment of Bye-laws.*—Bye-laws may be made, altered or abrogated by a resolution passed at a General Meeting of the society; provided that:—

- (a) Due notice of any proposal to make, alter or abrogate the bye-laws is given to all the members in accordance with the bye-laws.
- (b) The resolution is passed by not less than two-thirds of the members present at the general meeting at which a quorum shall be present or at an adjourned general meeting, at which (if a quorum is not present within half an hour of the appointed time for holding the meeting), the members present shall form a quorum.
- (c) A copy of the existing bye-laws so marked as to show the alterations, proposed to be made, and two copies of the proposed amendments signed by two officers of the society duly authorised in this behalf are submitted to the Registrar with the copy of the resolution accompanied by—
  - (1) A statement of the Secretary of the Society that the provisions of clause (b) above have been fully complied with;
  - (2) An application from the Secretary that the change in the bye-laws be registered.

13. *Amalgamation of Societies.*—(1) In a Special General Meeting of which at least clear 15 days notice of the proposal and date shall be given to members, a co-operative society with the prior approval of the Registrar may by a resolution (hereinafter referred to as the preliminary resolution) resolve to amalgamate with one or more other societies into one society.

(2) A copy of the preliminary resolution shall be sent to all the members and creditors and all other persons whose interests will or are likely to be affected by the amalgamation of the society.

(3) Within three months from the date of sending a copy of the preliminary resolution under sub-rule (2) —

- (i) any member who is not a debtor or a surety, may, notwithstanding any bye-law to the contrary, intimate his society in writing his intention not to become a member of the society formed by amalgamation; and
- (ii) any creditor of the society and all other persons affected may, notwithstanding any agreement to the contrary, intimate in writing to the society the intention to demand the satisfaction of their claims.

(4) After the expiry of three months from the date of sending a copy of the preliminary resolution under sub-rule (2) a second general meeting (which shall be a joint meeting of all the members of the amalgamating societies having a quorum calculated at joint membership of all such societies) shall, after giving at least 15 clear days notice to the members, be convened for considering the preliminary resolution.

(5) At the meeting referred to in sub-rule (4) if the preliminary resolution is confirmed by a majority of two-thirds of the members present without change

or with the changes approved by the Registrar, provision shall be made by a resolution for—

- (i) repayment of the share money of any member who has given notice under clause (i) of sub-rule (3), and
- (ii) satisfaction of claims of any creditors and other persons affected who have given notice under clause (ii) of sub-rule (3); within such time as may be fixed in the meeting or by the Registrar on application from the society or societies concerned.

(6) If the amalgamating societies have duly repaid the share money of the members concerned, and satisfied the claims of the creditors and other persons affected, the Registrar shall, on receipt of an application, unless for reasons to be recorded in writing he thinks fit to refuse to register the new society or societies, and the bye-laws thereof, register the new society and the bye-laws thereof, and therefrom the registration of the old society or societies shall be deemed to have been cancelled under sub-section (2) of section 108.

(7) When a society resolves under sub-section (3) of section 14 to transfer its assets and liabilities to any other society which is prepared to accept them, the procedure laid down in sub-rules (1) to (5) above shall be followed. After having met the claims and objections of the members, creditors and other persons affected, the Registrar shall on receipt of a copy of joint resolution of the societies, unless for reasons to be recorded in writing he thinks fit to refuse, approve such transfer and may register such amendments of the bye-laws of the accepting society as may be applied for. Thereupon the registration of the society which has transferred its assets and liabilities shall be deemed to have been cancelled under sub-section (2) of section 108.

14. *Division of societies.*—(1) For the convening of a special general meeting to consider the division of a society into two or more societies after the approval of the Registrar has been obtained each member shall be given at least fifteen clear days' notice in writing by post or through personal service of the proposal and date and place of the meeting.

(2) A copy of preliminary resolution as defined in sub-section (1) of section 15 shall also be sent by post or through personal service to all other persons whose interests will or are likely to be affected by the division of the society which will serve as notice under sub-section (2) of section 15.

(3) Under sub-section (3) of section 15 a member of the society may by notice given to the society intimate his intention not to become a member of any of the new societies provided that he is not a debtor or a surety for an unpaid debt.

15. *Rights and Liabilities.*—(1) The persons who apply for the registration of a society shall on its registration be bound by the bye-laws of the society. Persons who are admitted to membership of a society after its registration shall be bound by the registered bye-laws of the society for the time being in force.

(2) No person shall exercise the rights of a member unless and until he has subscribed such amount towards the share capital of the society, or acquired such interest in the society as may be prescribed by the bye-laws of such society.

16. *Vote of representatives of societies.*—A society which is a member of another society may appoint one or more of its members as may be prescribed in the bye-laws, not disqualified for such appointment under any rule or bye-laws, to vote in the affairs of such other society.

17. *Members to furnish information as to their financial position.*—For purposes of section 22 of the Act a member of a society or an applicant for membership of a society as the case may be, shall furnish information as to

his financial position and alienation of his immovable property in such form as may be determined by the Registrar.

## NOTICE OF GENERAL MEETING

18. *Management of Co-operative Societies.*—(i) A general meeting shall be convened by the Managing Committee or under its direction by the Secretary.

(ii) Unless otherwise provided in the Bye-laws a notice of the meeting stating the place, date and hour of the meeting together with a statement of business to be transacted at it shall be sent to every member at least 7 clear days before the date of the meeting in the manner provided in the bye-laws.

(iii) Any accidental omission to give a notice to any member or the non-receipt of the notice by any member shall not invalidate the proceedings of any meeting.

19. *Annual General Meeting.*—A general meeting of every Co-operative Society to be called the Annual General Meeting shall be held within 15 months from the date of its registration and thereafter as provided in section 25 of the Act. The original general meeting held for the purpose of forming and applying for registration of a proposed society which is followed by its registration shall be deemed a regular general meeting under section 25 of the Act.

20. *Special General Meeting.*—At a special general meeting no business other than that specified in the notice issued under sub-rule (ii) of rule 18 shall be discussed.

21. *Requisition for special General Meeting.*—A requisition for a special general meeting to be convened under clause (a) of sub-section (1) of section 26 shall state the object of the meeting, shall be signed by the members presenting it and shall be sent to the registered office of the society.

22. *Powers of General Meeting.*—(i) Apart from any powers and duties which may be assigned to the General Meeting in the Act and Bye-laws, the general meeting alone shall be competent subject to Rules, to transact the following business—

- (a) fixing the Maximum Credit Limit of the society;
- (b) fixing of the Maximum Credit Limit of each member;
- (c) consideration of the Annual Balance-sheet;
- (d) consideration of the Audit and Inspection notes; and
- (e) disposal of prongs.

(ii) Every resolution at a general meeting shall be decided by a majority of votes of members present and if the votes be equal the chairman shall have a second or casting vote.

23. *Chairman of the General Meeting.*—(i) The Chairman, or in his absence the Vice-Chairman of a society, as may be prescribed in the bye-laws, shall preside over the General Meetings of a society till the general meeting elects its own chairman for the new year. In the absence of the Chairman and the Vice-Chairman, the members present shall elect one from amongst themselves to be the Chairman of the meeting.

(ii) The Chairman of the General Meeting shall maintain order in the meeting and shall control and conduct the proceedings in such manner as may be conducive to expeditious and satisfactory disposal of business. He shall decide all points of order and his decision on such points shall be final.

(iii) The Chairman of a General Meeting may direct any member to withdraw for disorderly conduct and the member so ordered shall immediately



withdraw, and unless otherwise directed by the Chairman, shall remain absent during the remaining period of the meeting and shall not be entitled to vote without the permission of the Chairman.

(iv) In the event of disorder the Chairman of the meeting may suspend the meeting and adjourn it to such date or time as he may fix.

24. *Quorum of General Meeting.*—(i) Unless otherwise provided in the bye-laws, the quorum for the general meeting shall be 1/3rd of the total number of members, subsisting as such on the date of notice of the meeting.

(ii) No business shall be transacted at any meeting unless there is a quorum at the time when the business of the meeting is due to commence.

(iii) If within an hour from the time appointed for the meeting a quorum is not present the meeting shall stand adjourned to such suitable time and date as the Chairman may declare in the meeting so adjourned, provided that—

(a) no quorum shall be necessary at a meeting adjourned in accordance with this sub-rule, and

(b) that a meeting which has been called on requisition under clause (a) of sub-section (1) of section 26 shall not be adjourned but dissolved.

(iv) If at any time during the meeting sufficient members are not present to form a quorum the Chairman of the meeting, on his attention being drawn to this fact shall adjourn the meeting to such convenient day, time, and place, as he thinks fit, and the business to be transacted at this meeting shall be disposed of in the usual manner at the adjourned meeting even if no quorum is then present.

25. *Minutes of the General Meeting.*—(1) Every Co-operative Society shall keep the minutes of General Meetings to be entered in a book kept for the purpose.

(2) Unless the minutes are drawn up and are duly signed by the Chairman immediately on the termination of the meeting, the minutes free from all alterations or corrections, shall be drawn up and shall be signed by the Chairman of the meeting within seventy-two (72) hours from the time when the meeting terminated. The minutes so signed shall be the evidence of the proceedings of that meeting, provided the same are read and confirmed by the members then present subsequently.

(3) Until the contrary is proved, every general meeting of a society, in respect of the proceedings whereof minutes have been so recorded, shall be deemed to have been duly called and held.

26. *Voting in the General Meeting.*—(i) A resolution which is put to the vote of the general meeting shall be decided on a show of hands unless a poll is demanded before a motion is put to vote by at least ten members and agreed to by the Chairman, and if no poll is demanded, a declaration by the Chairman of such meeting that a resolution has been carried or lost, and an entry to that effect in the minutes of the proceedings with number of votes for and against, shall, for the purposes of the Act, be conclusive proof of the fact that such resolution has been duly carried or lost.

(ii) If a poll is demanded, the votes shall be taken in such a manner and at such time as the Chairman of the meeting directs subject to any provision in the bye-laws in this behalf, and the result of such poll to be recorded in the minutes book, shall be deemed to be the decision regarding the resolution over which poll is demanded.



27. *General Meeting by Delegates.*—(1) A Co-operative Society with a membership of 1,000 (one thousand) or more shall, and if the bye-laws so provide, a co-operative society with a membership of 500 or more but less than 1,000 may hold its general meeting by calling representatives (hereinafter referred to as delegates) of areas or sections instead of summoning all the members in person.

(2) One delegate shall be elected for every 10 members or major fraction thereof.

(3) No person shall be qualified to be elected as a delegate who is not a member, and who is not over 21 years of age.

(4) The delegates shall hold office and attend all general meetings till fresh delegates are elected in their places, provided that fresh delegates shall be elected before each annual general meeting.

(5) Each delegate shall have one vote.

(6) A member shall cease to be a delegate if he:—

(a) ceases to be a member of the society ; or

(b) resigns his office as a delegate.

(7) A casual vacancy in the office of a delegate in any area or section shall be filled by election by members in the area or section concerned.

28. *Division of area of a society for election of the delegates.*—(i) The Managing Committee shall, subject to the approval of the Registrar, divide the area of operation of the society into convenient areas or sections for the purpose of election of delegates.

(ii) The Division of the area of operation of a society, under sub-rule (i) shall be duly notified to all members and a member in a particular area or section shall be entitled to vote in the election of the delegates only for that particular area or section.

29. *Regulations to be framed by the Managing Committee.*—The Managing Committee shall, subject to the approval of the Registrar, make regulations to provide for all matters relating to the election of delegates and in particular for—

(a) The manner of nomination and election of delegates;

(b) The total number of delegates to be elected and the number of delegates to be elected from each area or section in accordance with sub-rule (ii) of rule 28.

30. *Constitution of Managing Committee.*—(1) The Managing Committee of a Co-operative Society shall be constituted by:—

(a) Election from amongst members at the annual general meeting; or

(b) Appointment by the Registrar when he decides to appoint in the manner as provided in rule 31.

(2) The Managing Committee of a Society shall have not less than five nor more than 17 members as may be fixed in the Bye-laws.

(3) The Managing Committee so constituted shall immediately after the general meeting elect a Chairman unless there be an *ex-officio* Chairman, and a Vice-Chairman and other office bearers necessary, from amongst themselves.

(4) A casual vacancy in the office of an elected managing committee member shall be filled up by co-option from amongst the members of the society

by the remaining members of the managing committee within six weeks from the date of vacancy. The Managing Committee member so co-opted shall retire at the next annual general meeting and the vacancy thus caused shall be filled up at such meeting by the election of a managing committee member, in whose place the vacancy originally occurred.

31. *Appointment of Managing Committee members by the Registrar.*—(1) In order to represent appropriate interests, the Registrar shall have powers to appoint an additional number of members for the Managing Committee not exceeding 1/2 of the number of the elected members. The members so appointed shall hold office till the next election of Managing Committee members and shall have voting power.

(2) Managing Committee members appointed under this Rule may or may not be the members of the society.

(3) If a vacancy occurs in the office of an appointed member on the Managing Committee, the vacancy shall be filled up by appointments.

32. *Disqualification for membership of committee.*—(1) No person shall be eligible for appointment as a member of the committee of any society, if he—

- (a) is an applicant to be adjudicated a bankrupt or an insolvent or an uncertificated bankrupt or an undischarged insolvent; or
- (b) has been sentenced for any offence other than an offence of a political character or an offence not involving moral delinquency, such sentence not having been reversed or the offence pardoned; or
- (c) is of unsound mind, a deaf, mute or blind person or a leper; or
- (d) is a paid employee of the society or of any other society; or
- (e) is in the same line of business as conducted by the society; or
- (f) is concerned with the profits of any contract entered with the society; or
- (g) is, except with the sanction of the Registrar, already the member of the committee of any other society of the same type; or
- (h) has been sued in arbitration in a society, and the award given against him stands unsatisfied wholly or partially; or
- (i) is a near relation of a paid employee of the society, provided that if any question arises whether a person is or is not a near relation of a paid employee of the society, the question shall be referred to the Registrar and his decision shall be final; or
- (j) is a defaulter for any debt or dues directly or indirectly of his society or of any other society; or
- (k) is under 21 years of age.

(2) A member of the committee of any society shall cease to hold his office as such if he—

- (a) applies to be adjudicated or is adjudicated a bankrupt or an insolvent; or
- (b) is sentenced for any such offence as is described in clause (b) of sub-rule (1); or
- (c) becomes of unsound mind, a deaf, mute, blind or a leper; or
- (d) becomes a paid employee of the society or any other society; or
- (e) enters on the same line of business as conducted by the society; or
- (f) becomes concerned with profits of any contract entered with the society; or

- (g) becomes the member of the committee of any other society of the same type, except with the sanction in writing of the Registrar; or
- (h) becomes a near relation of a paid employee of the society; or
- (i) becomes a defaulter for any debt or dues directly or indirectly of his society or of any other society;
- (j) is found to be under 21 years of age.

33. *Term of office of member of committee who is a delegate of another society.*—A delegate of one society sitting on the committee of another society shall cease to be a member of such committee—

- (a) if the society which elected him as a delegate withdraws him or elects another delegate in his stead; or
- (b) in case he was elected as a delegate by a society, on the suspension or supersession of the committee of such society under sections 29 and 30 of the Act, provided that the person or persons appointed by the Registrar under the said sections shall have power to nominate himself or one among them or any member of the society, to the committee of another society; or
- (c) if the registration of the society of which he is the delegate is cancelled; or
- (d) if he ceases to be a member of the society of which he is the delegate; or
- (e) if the society he represents is declared defunct by the Registrar.

34. *Removal, expulsion etc., of the Chairman, Committee Members and other elected officers.*—(i) The elected Chairman of a society or any other officer elected under clause (a) of sub-rule (1) of rule 30 may be removed from his office by a resolution of General Meeting specially convened for the purpose.

(ii) The Managing Committee may remove any committee member who fails to attend four consecutive meetings of the committee without previous permission of the Chairman obtained in writing.

(iii) Unless otherwise provided in the bye-laws or in the terms of his appointment and subject to the provisions of section 87 of the Act any officer of a society appointed by the Managing Committee may be removed from his office by the Managing Committee.

35. *Notice of Meeting*—Notice of a meeting of the Managing Committee shall be given in writing or in such manner as the Registrar may permit in respect of any society or class of society, to every committee member specifying the place, date and hour of the meeting together with a statement of the business to be transacted therein of not less than 3 days or such other period as may be provided in the bye-laws before the date of the meeting:

Provided that any urgent business, though not included in the statement accompanying the notice, may be brought up and considered with consent of all the committee members present at the meeting.

36. *Meeting of the Managing Committee.*—Every resolution at a meeting of the Managing Committee shall be decided by a majority of votes and if the votes be equal the Chairman shall have a second or a casting vote.

37. *Chairman of the Meeting.*—The Chairman shall preside over all meetings of the Managing Committee at which he is present. In the absence of the Chairman the Vice-Chairman shall take the Chair and in his absence the committee members present shall elect one of themselves to be the Chairman of the meeting.

38. *Quorum of the meeting.*—Unless a larger proportion is provided in the bye-laws the quorum at a meeting of Managing Committee shall be 1/3rd of the total number of committee members or 3 whichever is greater.

39. *Requisition Meeting.*—(i) Any three committee members or such larger number as may be laid down in the bye-laws may requisition a special meeting of the Managing Committee by giving clear seven days notice, provided that no such notice shall be necessary in the case of a special meeting requisitioned by the Registrar or an officer duly authorised by him in this behalf.

(ii) The requisition shall specify the object of the meeting and shall be signed by the requisitionists, and should be delivered at the office of the Society.

(iii) At such special meeting no business other than that specified in the notice shall be transacted.

40. *Powers of the Managing Committee.*—The Managing Committee of a Co-operative Society shall, subject to the provisions of the Act, these Rules and such general or special orders as the Registrar may issue from time to time, exercise all or any of the following powers as may be provided in the bye-laws:—

- (a) to admit new members and to fine, suspend, remove or expel existing members on roll of the society;
- (b) to raise funds;
- (c) to invest funds;
- (d) to appoint salaried or non-salaried officers for conduct of the business of the society in accordance with the provisions of the bye-laws and to define their duties;
- (e) to compromise or abandon or delay to enforce any debt or demand of the society or to institute, defend or compromise legal proceedings;
- (f) to dispose of applications for shares;
- (g) to dispose of applications for loans and to determine the security to be taken; and
- (h) to appoint sub-committees, as may be deemed necessary from time to time.

41. *Duties of the Managing Committee.*—The Managing Committee shall observe in all their transactions, the provisions of the Act, Rules and Bye-laws and in particular shall perform the following duties:—

- (a) to receive and disburse money;
- (b) to maintain true accounts of money received and expended and accounts of the assets and liabilities;
- (c) to prepare for submission to the annual general meeting—
  - (i) an annual report on the working of the society;
  - (ii) an annual statement of accounts which shall include—
    - (1) Cash Account;
    - (2) Balance Sheet;
    - (3) Profit and Loss Account; and
    - (4) Profit and loss appropriation account;
- (d) to prepare the statement of accounts required at audit and to place them before the Auditors;
- (e) to prepare, and submit all statements and returns, required by the Registrar in such forms as he may direct;

- (f) to enter accounts of the society regularly and punctually in proper books;
- (g) to maintain a register of members up-to-date;
- (h) to facilitate the inspection of books by those entitled to inspect them;
- (i) to convene general meeting;
- (j) to convene annual general meeting in due time;
- (k) to watch that the loans and advances are applied to the purposes for which they are made and that they are punctually repaid;
- (l) to examine and take prompt action in cases of all arrears and defaults in repayment of loans and advances; and
- (m) to perform such other duties as may be entrusted by the general meeting; and
- (n) in general to carry on the business of the society in accordance with its bye-laws.

42. *Deputation of a Government Servant to manage affairs of a Co-operative Society.*—(1) A Government servant when deputed to the service of a Co-operative society under section 28 shall be called Executive Officer of the Society.

(2) Subject to any conditions to the contrary that the Himachal Pradesh Administration may in any particular case think fit to impose, the Executive Officer shall be under the general control of the managing committee of the society and shall in the conduct of the business of the society exercise the following powers, namely—

- (i) to have control over the staff of the society with powers to fine, suspend or dismiss any member thereof; provided that the power of dismissal shall be exercised with the prior concurrence of the Managing Committee;
- (ii) to institute, defend and conduct legal proceedings in Law Courts and other places and enter into compromise or arbitration with creditors and debtors of the society.

43. *Duties of the Executive Officer.*—Unless otherwise directed by the Managing Committee the Executive Officer shall perform the following duties, namely—

- (i) to receive all money on behalf of the society, and to issue receipts other than receipts likely to create fresh obligations on the part of the society in effectual discharge of the money stated to have been received therein;
- (ii) to pay all costs of management and working expenses out of the funds of the society such as salaries of the staff, travelling and other contingent expenses to be incurred in the working of the society,
- (iii) to deposit all money received on behalf of the society and securities and other effects as prescribed under rule 57;
- (iv) to maintain proper and accurate record and account of the working of the society;
- (v) to call meetings of the Managing Committee as may be necessary for the proper conduct of business;
- (vi) to place from time to time before such of its members or such other authority as the managing committee may direct statement of receipts and disbursements for examination and approval.

44. *Procedure in case of difference of opinion.*—In the event of difference of opinion between the Executive Officer and the Managing Committee of the society, with regard to any matter concerning the business of the society not expressly expressed or covered by the Act, Rules and the Bye-laws, the Executive Officer, may refer the matter to the Registrar for his decision and the decision of the Registrar shall be final.

45. *Withdrawal, indemnification and cost of Executive Officer.*—(1) The Executive Officer shall be indemnified out of the funds of the Co-operative Society for all costs, charges, travelling and other expenses incurred by him in the conduct of society's business and in the discharge of his duties and no suit or legal proceedings whatsoever shall lie against him in respect of anything in good faith done or intended to be done in accordance with the powers conferred on him.

(2) At any time the Himachal Pradesh Administration, may, after giving three months notice, withdraw from the service of a society any Government Servant deputed to it under section 28.

(3) The society may at any time by a resolution in the general meeting apply to the Himachal Pradesh Administration for withdrawing the Government servant so deputed.

(4) The society shall make such contributions towards the cost of deputation of the Officer as the Himachal Pradesh Administration may direct.

46. *Suspension or supersession of a Managing Committee.*—Where a society fails to carry out the directions of the Registrar issued under section 29 and forwards its reasons for the same, the Registrar, after due consideration of the reasons shown may by an order in writing—

- (1) withdraw the order;
- (2) issue a modified order;
- (3) dissolve the managing committee.

47. *Appointment of a person to manage the affairs of a society.*—(i) When the Registrar orders that the Managing Committee of a Society be dissolved and makes an appointment of a person or persons to manage the affairs of the society under section 30, he may fix—

- (1) the date by which a new managing committee is to be constituted;
- (2) The remuneration, if any, to be paid to the person or persons appointed to manage the affairs of the society;
- (3) may prescribe security to be furnished by the person or persons to be appointed.

(ii) If directed by the Himachal Pradesh Administration, the remuneration of any person appointed under section 30 shall be defrayed out of the funds of the society.

## REGISTRATION OF THE ADDRESS OF A CO-OPERATIVE SOCIETY

48. *Duties and obligations of a Co-operative Society.*—Every Co-operative Society shall state in the bye-laws its address mentioning the place of business, post office, tehsil and the district.

49. *Minimum paid staff to be employed by a Co-operative Society.*—

Every Co-operative Society may from time to time determine at a meeting of the managing committee the minimum number of paid staff required for its business and may employ such staff provided that the minimum paid staff of a central society or any other society with a working capital or annual transactions of Rs. 3 lakhs or over shall be—

- (i) one Secretary;
- (ii) one Accountant; and
- (iii) one Cashier.

50. *Qualifications of the paid staff.*—The Registrar may prescribe the qualifications to be possessed by any member of paid staff of any Co-operative Society.

51. *Books and Registers to be maintained by a Co-operative Society.*—The following registers and papers shall be maintained and shall be open to inspection by any one interested in the funds except that no one shall see the deposit account of any person without that person's consent in writing:—

- (1) A register of members showing the name, address and occupation of every member, the number of shares held by him, the date of his admission to membership and the nominee appointed where necessary and in case of past members the date of termination of membership;
- (2) A cash book showing the income, expenditure and balance each day on which business is done;
- (3) A ledger account for each member, depositor and creditor and contingent income and expenditure;
- (4) A register showing monthly instalments for repayment of loans;
- (5) A minute book;
- (6) An account showing the monthly account of shares and deposits;
- (7) A register showing the maximum credit of each member;
- (8) A bond book showing all loans issued;
- (9) A pass book for each member and depositor;
- (10) Any such other books and registers necessary for the proper conduct of business of any type of society and in such forms, as the Registrar may direct.

52. *Custody of accounts books and records.*—The books and records of a society shall be kept in the custody of the Secretary or such other officer as the managing committee may authorise.

53. *Preparation of statements at the expense of a society.*—(1) If a Co-operative Society fails to send to the Registrar within the time allowed any statement or return required by the Act or the Rules, the Registrar may cause such statement or returns to be prepared by employing such staff as he may deem to be necessary and may assess upon the society, the cost of such staff.

(2) The cost assessed under sub-rule (1) if not paid shall be recoverable from the society by the Collector as arrears of land revenue upon requisition by the Registrar and the society may recover such cost from the person or persons responsible for the neglect.

54. *Publication of Balance-sheet.*—(i) Every Co-operative Society shall publish its audited balance-sheet within one month from the date it is adopted by the General Meeting by displaying it in any conspicuous place in the registered



office of the society and in every branch of the society where business of the society is carried out.

(ii) The managing committee of a society shall in every co-operative year lay before a general meeting of the society an audited balance-sheet.

55. *Annual Statements.*—The committee of every society, or some officers of the society appointed for this purpose by the committee shall prepare yearly, in such forms as may be prescribed by the Registrar—

- (a) an account showing the income and expenditure of the year;
- (b) a profit and loss account;
- (c) a balance sheet.

56. *Documents to be kept open to inspection.*—In addition to the documents mentioned in section 34, every co-operative society shall keep open to inspection a copy of the latest audited balance-sheet.

## PROPERTIES AND FUNDS OF CO-OPERATIVE SOCIETIES

57. *Investment of funds.*—In addition to the manner specified in section 37, a co-operative society may invest or deposit its funds—

- (a) with the State Bank of India;
- (b) in the shares of the Reserve Bank of India;
- (c) or in any other manner permitted by the Registrar.

58. *Object and investment of Reserve Fund.*—(1) A reserve fund maintained by a co-operative society shall belong to the society and is intended to meet unforeseen losses. It shall be indivisible and no member shall have any claim to a share in it.

(2) A co-operative Society shall not invest or deposit its reserve funds except in one or more of the modes mentioned in clause (a) to (d) of section 37 of the Act, or in such modes as may be directed by the Registrar :

Provided that the Registrar may by general or special order, permit any co-operative society or any class of co-operative societies to invest the reserve fund or a portion thereof in its own business.

(3) No co-operative society whose reserve fund has been separately invested or deposited shall draw upon, pledge or otherwise employ such fund, except with the sanction of the Registrar obtained in writing.

59. *Payment of dividend, bonus etc. etc.*—(i) In every co-operative society with share, the dividend may be declared upto a maximum of ten per cent per annum on the amount of paid up shares.

(ii) No dividend shall be paid by a society with shares and unlimited liability without the previous sanction of the Registrar.

(iii) No dividend shall be paid in any co-operative society unless such dividend is recommended by the Managing Committee and approved by the General Meeting:

Provided that the general meeting may reduce the rate of dividend recommended by the managing committee but shall have no power to increase the same.

(iv) The Registrar, may, by a general or special order, direct that a society shall not pay dividend or shall pay dividend at a reduced rate so long as it receives loans, and deposits from non-members.

(v) A society may set apart not more than 6-1/4 per cent of its net-profits for the payment of bonus to its salaried officers or employees if such payment is recommended by the managing committee and approved by the general meeting and the Registrar:

Provided that in case of a salaried officer or an employee the amount of bonus shall not exceed his one month's salary in any year.

60. *Contribution to the charitable purposes.*—With the prior sanction of the Registrar, a co-operative society may make contributions under section 40.

61. *The Co-operative Development Fund.*—(i) The contributions made by a co-operative society under section 45 or 46 shall be credited to a fund called the Co-operative Development Fund (hereinafter referred to as the fund).

(ii) The fund shall be administered by a committee appointed by the Registrar Co-operative Societies composed of—

- (1) The Registrar (*ex-officio*) or his nominee;
- (2) A representative of the Apex Co-operative Bank;
- (3) A representative of the Apex Co-operative Union;

and all sums at the credit of the fund shall be kept with the State Co-operative Bank or such other bank as the Registrar may approve.

(iii) Every society shall after the close of each co-operative year and after the audited balance sheet is considered in a general meeting make such contributions to the fund as may be approved by the general meeting.

(iv) Any sum so contributed shall be forthwith sent to the State Co-operative Bank or to such other Bank as the Registrar may direct.

(v) The fund may be utilised for any of the following purposes viz:—

(a) the education of Members of Co-operative Societies in Co-operative principles and practice;

or

(b) the development of new types of co-operative societies;

or

(c) the improvement of co-operative societies.

62. *Rate of contribution to educational fund of the non-official promotional agency.*—Every society which pays a dividend to its members at a rate of 4 per cent or more shall contribute towards the educational fund of the non-official promotional agency at the following rate, namely—

- (a) If the rate of dividend for any year is 4 per cent. 1 per cent of the net profits of the year.
- (b) If the rate of dividend for any year is more than 4 per cent but not more than 5 per cent. 1-1/4 per cent of the net profits of the year.
- (c) If the rate of dividend for any year is more than 5 per cent but not more than 6-1/4 per cent. 1-1/2 per cent of the net profits of the year.

Provided that if the net profits of any year of a society do not exceed Rs. 200 the society shall not be required to contribute anything towards the said educational fund for that year.

63. *Provident Fund of members and employees.*—(i) The fund created under

section 41 with contribution from members, officers, or servants of a society shall be called the Provident Fund of the members and employees.

(ii) The Provident Fund shall be governed by such rules as may be fixed by the General Meeting and approved by the Registrar.

(iii) The amount of contribution that can be made by a member in any one month shall not exceed such sum as may be fixed by the general meeting and in the case of a salaried employee shall be a sum not exceeding 20 per cent of his salary.

(iv) The society may make such contribution every year to the Provident Fund of members and employees as may be approved by the general meeting and the Registrar, but such contributions shall not exceed the annual contributions made by the member or the employee concerned.

(v) The interest accrued on the investment of the Provident Fund of members and employees shall be credited to the account of individual member or employee concerned, as the case may be, in proportion to the balance standing to the credit of each account at the close of the preceding year.

64. *Restrictions on borrowings of a co-operative society.*—A society may receive deposits and loans from persons and institutions who are not members; provided that the amount borrowed from such persons and institutions together with the amount borrowed from members does not exceed the limit fixed from time to time by the Registrar for the society or for the class of societies to which it belongs.

65. *Restriction on grant of loan.*—(i) No financing bank or credit society other than an Agricultural Credit Society with unlimited liability, or a Land Mortgage Bank or a society the object of which is to grant long-term loans exclusively on the mortgage of immovable properties, shall grant loan for periods exceeding three years:

Provided that the Registrar may as a recognition of good management permit by a special order in writing any such financing bank or credit society to grant loans for periods exceeding three but not five years for any of the following objects:—

- (a) purchase of cattle and carts;
- (b) construction and repair of buildings;
- (c) expenses on account of land—
  - (1) purchase of land,
  - (2) improvements to or the levelling, reclamation, repairing or occasional manuring of land,
  - (3) construction of or major repairs to irrigation sources, such as private tanks, wells and channels;
- (d) liquidation of petty debts;
- (e) development of cottage industries;
- (f) expenditure on account of marriages.

Provided further that the total amount of loans granted under the first proviso shall not exceed 50 per cent of the total amount of loans permissible under sub-rule (ii) for period exceeding one year but not exceeding five years.

(ii) The Registrar shall have power to fix by a special or a general order in writing how much of the maximum lending limit of a financing bank or a

credit society other than an agricultural credit society with unlimited liability, or a land mortgage bank or a society the object of which is to grant long-term loans exclusively on the mortgage of immovable property, shall be made available for the grant of short-term loans and the loans repayable after one year but within three years or five years as the case may be from the date of the grant of loans.

(iii) No agricultural-credit society with unlimited liability shall grant loans for period exceeding five years,

(iv) In this rule the term 'short-term loans' means a loan payable from the sale proceeds of the next harvest as soon as they are realised or within 15 months from the date of grant of loans whichever period is longer.

## PRIVILEGES AND POWERS OF CO-OPERATIVE SOCIETIES

66. *Notice of Rent Limit.*—A notice under section 47 shall be sent to the land-lord by registered post and shall show the name, father's name and address of each member and sufficient particulars of the property of each member to enable the property to be identified.

67. *Proof of entries in society's books.*—For the purpose of section 51 of the Act, a copy of an entry in the books of a society shall bear a certificate written at the foot of such copy declaring that it is a true copy of such entry and that the book containing the entry is still in the custody of the society, such certificate being dated and signed by the Secretary of the society, or any other officer approved by the Registrar.

68. *Nomination.*—(a) Every member of a society shall nominate a person or persons to whom his share or interest referred to in section 52 of the Act, or such sums out of share or interest as may be specified by the member, shall, on the death of the member, be transferred or paid as laid down in the bye-laws.

(b) Such nomination may, from time to time, be revoked or modified by the member.

(c) The number of persons who may be nominated by a member shall not exceed the number of shares held by the member.

(d) When a member of a society nominates more than one person, he shall, as far as practicable, specify the amount to be paid or transferred to each nominee in terms of whole shares and the interest accruing thereon.

(e) The record of nominations shall be kept by a society in such manner as may be laid down in the bye-laws.

(f) The value of the share or interest transferred or paid to a nominee or nominees shall be determined on the basis of the sum actually paid by the member to acquire such share or interest unless the bye-laws provide for calculation on a different basis.

69. *Financial assistance by the Administration.*—(i) The Himachal Pradesh Administration may grant loans, to take shares in, or give any other financial assistance to any Co-operative Society which makes an application in this behalf for any of the following purposes, namely—

(a) facilitating the production of commodities or disposal thereof by the members;

(b) redemption of prior debts of members, purchase and improvements

of lands by member or construction of any project for providing irrigation facilities for the benefit of the members;

- (c) conducting and developing agriculture or industry undertaken by a society;
- (d) construction of dwelling houses by a society or by its members;
- (e) repayment of money previously borrowed by a society in accordance with its bye-laws;
- (f) maintenance of staff for efficient management of the society; or
- (g) recouping any loss in part or in whole sustained due to circumstances over which the society had no control.

(ii) The financial assistance granted to a co-operative society under sub-rule (i) shall be subject to such terms and conditions as the Himachal Pradesh Administration may lay down.

70. *Conditions for the guarantee of Debentures by Government.*—The issue of debentures under section 57 shall be subject to the following conditions viz:—

- (a) that such debentures are secured by mortgage held by the society and assigned to the trustee; and
- (b) that the total amount payable in respect of the debentures does not exceed 2/3rd of the total value of the mortgages held by the society and assigned to the trustee.

71. *Notice under section 62 and procedure for service of notices.*—(1) The notice to creditors, under section 62 shall be served in such manner as the managing committee may decide.

(2) The general notice, if any, issued under section 62 shall be published by pasting—

- (a) a copy of the notice in a conspicuous place, at the office of the Co-operative Society; and
- (b) at the office of the local panchayat or panchayats concerned.

(3) a statement of debts by a member or a person applying for a loan or for membership, as the case may be, referred to in section 62 and a notice on the creditors and a written statement of claims from the creditors shall be given in the form prescribed by the Registrar.

72. *Form of application for demarcation of irrigable or protected area.*—A co-operative society shall submit an application for demarcation of the irrigable area or protected area under sections 64 or 65 in the form set forth in the schedule.

The notice under sub-section (3) of section 64 or sub-section (3) of section 65 shall be in the form set forth in the schedule and shall be published by hanging it on the land adjoining the source of irrigation or on the embankment, as the case may be, and also by fixing copies of such notice on the notice board of the Collectorate, at the office of the local panchayat or panchayats concerned and at the registered office of the co-operative society.

73. *Form of Map.*—(1) The map of the irrigated or protected area shall—

- (i) be drawn up in the scale of the settlement map;
- (ii) show the boundaries of the irrigable or protected area and the settlement plot numbers.

(2) The statement referred to in sub-section (3) of section 64 or sub-section (3) of section 65 shall be in the form set forth in the schedule.

(3) The map and the statement prepared under sub-section (3) of section 64 or sub-section (3) of section 65 shall be published on the notice board of the Collectorate, at the office of the local panchayat or panchayats concerned and at the registered office of the co-operative society and shall also be hung up on the land adjoining the source of irrigation or on the embankment, as the case may be.

74. *Levy of water and embankment rates.*—A co-operative society may levy a water rate or embankment protection rate based on—

- (a) such percentage of the value of estimated produce of the land benefited; or
- (b) such fixed rate per bigha calculated so as to cover within a specified period all costs incurred together with the interest thereon for the provision of irrigation facilities or embankment protection as the managing committee of the society with the approval of the Registrar may determine.

75. *Procedure for calculating the value of the share or interest of a member.*—

(1) Where a co-operative society has to make a refund of the value of a share, the value of the share shall be deemed to be equal to the amount paid up on the share, provided that where a portion of the assets is estimated to be bad or doubtful in the latest audited balance-sheet and is not covered by funds created out of profits, the managing committee may, for the purpose of such payment, reduce the value of the share in the same proportion as the aggregate amount of assets which are not bad or doubtful, less the amount of outside liabilities, bears to the paid up share capital.

(2) Where a transfer of share or interest is made, the value of the share or interest shall be deemed to be the sum actually paid by the member for the acquisition of such share or interest.

## AUDIT

76. *Levy of audit fee.*—(i) Audit fee in respect of audit of accounts shall be paid by all or any types of societies at such rates as may be fixed by the Registrar from time to time, with the previous approval of the Himachal Pradesh Administration.

(ii) The Registrar may in special circumstances in his discretion, exempt any society or class of societies from the payment of audit fee in whole or in part for such period as he may specify.

77. *Form of statement of accounts.*—The statement of accounts to be prepared by the managing committee of a society for purposes of audit under section 73 of the Act shall be in such form as may be prescribed by the Registrar.

78. *Date of audit.*—Unless the Registrar directs otherwise for any society or class of societies, the audit of a society for the preceding co-operative year shall be made and the audit report shall be submitted within the current co-operative year but not later than fifteen months from the previous date of audit of the society.

## FARMING SOCIETIES

79. *Registration.*—No Farming Society shall be registered under section 8 unless the Board is satisfied, after such inquiry as it thinks necessary, that the scheme proposed by the society is feasible and that not less than 66 per cent of the owners (in possession of not less than 75 per cent in aggregate) of the land

proposed to be included in the scheme have given their consent to the making of the scheme. For this purpose the Board shall record or cause to be recorded—

- (a) a plan showing the area affected by the proposed scheme and the surrounding lands as shown in the map or maps of the village or villages affected;
- (b) an examination of the proposed scheme with any amendments therein proposed by the Board;
- (c) an extract from the record of rights showing the names of the owners of the lands, and the areas of the lands to be included in the scheme as approved by the Board;
- (d) statements of such of the owners of such lands as consent to the making of such scheme signed by such owners before the Board or such officer as may be prescribed by rules;
- (e) a detailed estimate of the costs of such scheme;
- (f) a detailed statement showing how the cost is proposed to be met.

80. *Publication of the scheme and inviting claims and objections.*—If the society is registered, the scheme shall be published along with the plans, in the village or villages, at the headquarters of the Tehsil within the limits of which the lands proposed to be included in the scheme are situate together with a general notice inviting claims, if any. Separate notices shall, as far as possible, also be served on all owners of lands affected by the scheme and all persons believed to be interested in the said lands. Such general and separate notices shall require all persons affected by the scheme, who make any claims, to appear personally or by agent before the Inquiry Officer at a time and place therein mentioned (such time not being earlier than fifteen days after the date of the publication of the scheme).

81. *Inquiry by the Inquiry Officer.*—On the date fixed in the notices issued under rule 80 or any other day to which the inquiry has been adjourned, the Inquiry Officer shall proceed to inquire into the claims (if any) which may have been made pursuant to the notices and shall hear and decide any other matter which may be required to be heard and decided by or under the provisions of Chapter IX of the Act.

82. *Decision of disputed claim.*—(1) If there is a dispute as to the ownership or possession of any piece of land proposed to be included in the scheme, the Inquiry Officer shall decide the dispute in accordance with the entries relating to such land in the Revenue records kept under any law for the time being in force. If there is no such record, or if in the opinion of the Inquiry Officer the entries in the Revenue record are inaccurate or inconclusive, he shall refer the matter to the Collector for decision. When the Collector decides such dispute, he shall communicate his decision to the Inquiry Officer and such decision, shall, subject to the provisions of sub-rule (2), be final for the purpose of the inquiry under this Chapter.

(2) In the event of a competent Court passing a decree which is inconsistent with such decision, such decision shall be corrected, modified or rescinded in accordance with such decree, after such decree has been brought to the notice of the Inquiry Officer or the Board either by the Court or by some person affected by such decree.

83. *Report of Enquiry.*—(1) After the inquiry under rule 82 (1) is completed, the Inquiry Officer shall make a report to the Board containing the following particulars:—

- (i) the names of all the owners of lands affected by the scheme and the nature and extent of the right or interest of each in respect of such land;



- (ii) the names of all persons whose rights or liabilities are affected and the manner in which they are affected by the scheme;
- (iii) a detailed estimate of the net cost of the scheme to be borne by the society;
- (iv) a detailed estimate of the amounts of compensation to be paid to, or of the amounts to be recovered from, persons affected by the scheme;
- (v) the manner in which recurring costs of maintenance of, and other expenses incidental to the scheme shall be fixed and recovered;
- (vi) any other particulars prescribed by or under the Act or the Rules.

(2) Such report shall be published in the village or villages and at the headquarters of the Tehsil within the limits of which the lands included in the scheme are situated and separate notice of such report shall as far as practicable be given to all persons mentioned in clause (ii) of rule 83 (1).

(3) Any person aggrieved by the report of the Inquiry Officer may appeal to the Board.

### DISPUTES AND APPOINTMENT OF ARBITRATOR

84. *Settlement of Disputes.*—(i) If the Registrar decides to refer a dispute to a board of arbitrators comprising more than one arbitrator, he shall—

- (a) issue a notice calling on each of the parties to nominate one person as its nominee within such time as he may direct and where a party consists of more than one person, such persons shall jointly make only one nomination;
- (b) nominate a third arbitrator who shall act as Chairman.

(ii) If a party fails to make a nomination within the appointed time the Registrar may himself appoint the arbitrator.

(iii) Where three arbitrators are appointed the opinion of the majority shall prevail.

(iv) If one or more or all arbitrators fail to attend or refuse to work as arbitrator or arbitrators the Registrar may in his discretion cancel the appointment of arbitrator or arbitrators and may either—

- (a) constitute a fresh board under sub-rule (i); or
- (b) appoint one arbitrator; or
- (c) decide the case himself by making a decision in the manner provided in rules 89, 90.

85. *Persons qualified to be appointed as arbitrator.*—The Registrar may appoint an Arbitrator or Arbitrators from—

- (a) officers of any department of Government or a Co-operative Society; or
- (b) officers, paid staff or members of a Co-operative Society; or
- (c) members of any local body; or
- (d) chartered accountants.

86. *Payment of Fees to Arbitrators.*—(i) The Registrar may in such cases as he thinks proper order the payment of fees to Arbitrators at such rate as he may deem proper.

(ii) When any fee is to be paid to Arbitrator it shall be deposited with the Registrar in such manner as he may direct before the Arbitrator is appointed.

(iii) No fee shall be payable to an Arbitrator till the dispute referred to him is finally decided.

87. *Reference of dispute.*—A reference of a dispute to the Registrar shall be made in writing and shall be accompanied by—

- (a) a statement of the subject matter of the dispute;
- (b) a copy of the ledger account of the defendant in respect of money suits; and
- (c) such other statements or records as may be required by the Registrar.

88. *Payment of the expenses of Arbitration.*—The Registrar or his nominee and the arbitrators shall have power to order the expenses of determining the dispute to be paid out of the funds of the society or by such party or parties to the dispute as they may think fit according to the scale laid down by the Registrar.

89. *A procedure for disposal of disputes.*—(1) In these proceedings the Arbitrator shall fix date, hour and the place of hearing the dispute. The arbitrator shall have power to appoint or remove guardians and next friends.

(2) The arbitrator may issue summons or notices at a reasonable time at his discretion before the date fixed for the hearing of the dispute requiring—

- (i) the attendance of the parties concerned and of the witnesses; and
- (ii) the production of all books and documents relating to the matter in dispute.

(3) Summons or the notices may be served by—

- (i) registered post;
- (ii) personal service through the Secretary or a member of the staff of the society or through any of the parties to the dispute; or
- (iii) affixing a copy of the summons or notices at the last known place of residence or business of the person concerned, when he refuses to sign the acknowledgement or he cannot be found;
- (iv) service of summons or notice on the Secretary or the Principal Executive Officer by whatever designation known, shall be regarded as service on that society;
- (v) where the serving officer delivers or tenders a copy of the summons personally to the person summoned or to agent or other person on his behalf, he shall require the signatures of the person to whom the copy is so delivered or tendered to an acknowledgement of service endorsed on the original summons;
- (vi) the serving officer shall in all cases in which the summons have been served under clauses (ii) and (iii) of sub-rule (3) cause to be endorsed or annexed to the original summons a return stating the time when and the manner in which the summons were served and the name and address of the person, if any, identifying the person concerned or witnessing the delivery or the tender of the summons;
- (vii) the sufficiency of the proof of the service of the summons or notice shall be decided by the authority which issued the same;
- (viii) in the case of absence of any party to the dispute duly summoned, the dispute may be decided *ex-parte*;
- (ix) in these proceedings neither party shall be represented by a legal practitioner.

90. *Award or Decision.*—(1) The arbitrator shall make a memorandum of the statement of the parties who attended and of such witnesses as are examined, and upon the evidence so recorded and after consideration of any documentary evidence produced by either party, he shall make an award, in accordance with justice, equity and good conscience, and he shall record his award in writing, and sign and date it and shall announce it.

(2) The award shall contain the number of the reference, the names and description of the parties and particulars of the dispute and shall specify clearly the relief granted, the amount decreed, the future interest allowed, if any, and the costs awarded.

(3) If no award is made immediately upon the conclusion of the hearing of the parties the arbitrator shall fix the date and place of the delivery of the award and shall, except for reasons to be recorded in writing, deliver the award on the date so fixed.

(4) The Arbitrator shall have power to order the expenses of determining a suit or the costs of either party to be paid by such party or parties to the dispute as he may think fit.

91. *Withdrawal of reference by the Registrar.*—The Registrar of his own accord or on an application by any party to arbitration proceedings pending before an arbitrator for reasons to be recorded in writing, may withdraw the reference from the arbitrator or arbitrators appointed and may decide the dispute himself in the manner provided in rule 89, 90 or make fresh appointment of arbitrator or arbitrators.

92. *Execution of awards.*—(1) The award of the Arbitrator or decision of the Registrar shall be enforceable in the manner as provided under serial No. 3 of the FIRST SCHEDULE of the Himachal Pradesh Co-operative Societies Act, 1956 (Act No. 13 of 1956) viz:—

By the Collector as arrears of Land Revenue upon requisition by the Society.

or

By any Civil Court having local jurisdiction, in the same manner as a decree of such court, upon application by the society.

(2) When an award in a monetary dispute has been obtained against a society it shall not be executed except against the assets of the society including amounts due to the society by its members.

*Explanation.*—For the purposes of rules 89 to 92, the expression 'the Arbitrator' means the authority which may decide the dispute whether the authority is the Registrar or an Arbitrator or a Board of Arbitrators.

93. *Disposal of records.*—(1) The original record of a dispute and of proceedings thereon after the decision or award has been delivered shall be kept in such place and manner as the Registrar may direct.

(2) Any document or record tendered by a party may on application be returned to the party after the disposal of appeal, if any, or after the period of appeal.

94. *Certified copies.*—A copy of the decision or award shall on application be given to a party by the Registrar duly certified on payment of such fees as prescribed under rule 126.

## PROCEDURE FOR THE CUSTODY OF PROPERTY ATTACHED UNDER SECTION 90 OF THE ACT

95. *Attachment of movable property other than agricultural produce in possession of debtor.*—(1) Where the property to be attached is movable property, other than agricultural produce, in the possession of the debtor the attachment shall be made by actual seizure, and the attaching officer shall keep the property in his own custody or in the custody of one of his subordinates, or a Receiver, if one is appointed under sub-rule (2) and shall be responsible for the due custody thereof:

Provided that, when the property seized is subject to speedy and natural decay or when the expense of keeping it in custody is likely to exceed its value, the attaching officer may sell it at once.

(2) Where it appears to the Officer ordering conditional attachment under section 90 to be just and convenient, he may appoint a Receiver for the custody of the movable property attached under sub-rule (1) and his duties and liabilities shall be identical with those of a Receiver appointed under order XL of Schedule 'I' to the Code of Civil Procedure, 1908.

(3) (a) Where the property to be attached is immovable, the attachment shall be made by an order prohibiting the debtor from transferring or charging the property in any way, and all persons from taking any benefit from such transfer or charge.

(b) The order shall be proclaimed at some place on or adjacent to such property by beat of drum or other customary mode; and a copy of the order shall be fixed on a conspicuous part of the village crossing, and also where the property is land paying revenue to the Government, in the office of the Collector of the District in which the land is situated.

96. *Transfer of property under section 93.*—(1) When in execution of an order sought to be executed under section 93 any property cannot be sold for want of buyers, if such property is in the possession of the defaulter, or of some person on his behalf, or of some person claiming it under a title created by the defaulter subsequently to the issue of the certificate by the Registrar or liquidator under section 100, the officer conducting the execution shall as soon as practicable report the fact to (a) the Court or the Collector, as the case may be, and (b) the society which applied for the execution of the said order.

(2) On receipt of a report under sub-rule (1) the society may within six months from the date of receipt of the report or within such further period as may for sufficient reasons be allowed in any particular case by the Court or the Collector, as the case may be, submit an application in writing to the Court or the Collector as the case may be, stating the terms and conditions on which it agrees to take over such property.

(3) On receipt of an application under sub-rule (2), notices shall be issued to the defaulter and to all persons known to be interested in the property, including those whose names appear in the Record of Rights as persons holding any interest in the property, about the intended transfer.

(4) On receipt of such a notice, the defaulter, or any person owning such property, or holding an interest therein by virtue of a title acquired before the date of the issue of a certificate under section 100, may within one month from the date of the receipt of such notice, deposit with the Court or the Collector, as the case may be, for payment to the society a sum equal to the amount due under the order sought to be executed together with interest thereon and such additional sum for payment of costs and other incidental expenses as may be determined in this behalf by the Court or the Collector, as the case may be.

(5) On failure of the defaulter, or any person interested, or any person holding any interest in the property to deposit the amount under sub-rule (4),

the Court or the Collector, as the case may be, shall direct the property to be transferred to the society on the conditions stated in the certificate in the form prescribed.

(6) The certificate granted under sub-rule (5) shall state whether the property is transferred to the society in full or partial satisfaction of the amount due to it from the defaulter.

(7) If the property is transferred to the society in partial satisfaction of the amount due to it from the defaulter, the Court or the Collector, as the case may be, shall, on the production by the society of a certificate signed by the Registrar, recover the balance due to the society in the manner prescribed in section 100.

(8) The transfer of the property under sub-rule (5) shall be effected as follows:—

(i) In the case of movable property—

- (a) where the property is in the possession of the defaulter himself or has been taken possession of on behalf of the Court or the Collector it shall be delivered to the society;
- (b) where the property is in possession of some person on behalf of a defaulter, the delivery thereof shall be made by giving notice to the person in possession directing him to give actual peaceful possession to the society and prohibiting him from delivering possession of the property to any other person;
- (c) the property shall be delivered to a person authorized by the society to take possession on behalf of the society.

(ii) In the case of immovable property—

- (a) where the property is a growing or standing crop, it may be delivered to the society before it is cut and gathered and the society shall be entitled to enter on the land and to do all that is necessary for the purpose of tending and cutting and gathering it;
- (b) where the property is in the possession of the defaulter or of some person on his behalf or some person claiming under a title created by the defaulter subsequent to the issue of a certificate under section 100, the Court or the Collector, as the case may be, shall order delivery to be made by putting the society or any person whom the society may appoint to receive delivery on its behalf in actual possession of the property;
- (c) where the property is in the possession of a tenant or other person entitled to hold the same by a title acquired before the date of issue of a certificate under section 100, the Court or the Collector, as the case may be, shall order delivery to be made by affixing a copy of the certificate of transfer of the property to the society in some conspicuous place on the property and proclaiming to such person by beat of drum or other customary mode at some convenient place, that the interest of the defaulter has been transferred to the society.

(9) The society shall be required to pay expenses incidental to sale including the cost of maintenance of livestock, if any, according to such scale as may be fixed by Government from time to time.

(10) Where land is transferred to the society under clause (ii) (a) of sub-rule (8) before a growing or standing crop is cut and gathered, the society shall pay the current year's land revenue of the land.

(11) The society shall forthwith report any transfer of property under sub-clause (c) of clause (ii) of sub-rule (8) to the village Patwari for information and entry in the Record of Rights.

(12) The society to which property is transferred under sub-rule (5) shall maintain for each such defaulter a separate account showing all the expenses incurred including payment of outside encumbrances, land revenue and other dues on the property and all the income derived from it.

(13) The society to which property is transferred under sub-rule (5) shall use its best endeavour to sell the property as soon as practicable to the best advantage of the society as well as that of the defaulter, the first option being always given to the defaulter who originally owned the property. The sale shall be subject to confirmation by the Assistant Registrar. The proceeds of the sale shall be applied to defraying the expenses of the sale and other expenses incurred by the society as referred to in sub-rules (9) and (12) and to the payment of the arrears due by the defaulter, under the order in execution, and the surplus (if any) shall then be paid to the defaulter.

(14) Until the property is sold the society to which the property is transferred under sub-rule (5) shall use its best endeavours to lease it or to make any other use that can be made of it so as to derive the largest possible income from the property.

(15) When the society to which property is transferred under sub-rule (5) has realized all its dues under the order in execution of which the property was transferred from the proceeds of management of the property, the property, if unsold, shall be restored to the defaulter.

97. *Application for compromise between a Co-operative Society and its creditors.*—(1) An application to the Registrar under section 94 shall contain the proposed terms and conditions of the compromise or arrangements, and where the applicant is a society, shall be accompanied by a resolution of general meeting proposing the compromise or arrangement.

(2) On receipt of such application, the Registrar, may, if he is of opinion that the proposed terms and conditions of the compromise or arrangement shall be beneficial to the parties, give directions as to the following matters viz:—

- (i) the date or dates when the scheme of compromise or arrangement shall be placed before the creditors;
- (ii) the time and the place where the meeting (or meetings) of the creditors shall be held;
- (iii) the preparation by a person duly authorised by him of a statement containing the names of the creditors likely to be affected and the amount due by the society to each of them; and
- (iv) the time within which the Chairman of the meeting shall forward his report to the Registrar.

(3) Together with the direction to be given under sub-rule (2), the Registrar may refer any question touching the compromise or arrangement for consideration and decision of the meeting and the Chairman of the meeting shall put such question to the meeting.

98. *Notice of meeting to Creditors.*—(1) On receipt of the order of the Registrar, the society or the liquidator, as the case may be, shall before 30 clear days of the date fixed for the meeting issue a notice—

- (a) of the date, time and place of the meeting; and
  - (b) of the proposals, for compromise;
- to every creditor who is likely to be affected thereby.

(2) The notice shall be sent by registered post or through a messenger in which case the signatures of the receiver shall be taken as proof of service.

(3) Any creditor desirous of moving an amendment to the proposed compromise or arrangement shall send to the Secretary of the society or to the Liquidator, if any, a copy of this amendment at least fifteen days before the date fixed for the meeting and the Secretary or the Liquidator, as the case may be, shall send copies of such amendment by ordinary post to each creditor to whom the notice under sub-rule (1) has been sent.

(4) The proceedings of any meeting, held under this rule, shall not be invalid by reason only of the fact that the notice prescribed was not received by any person entitled to receive it where proof of despatch is satisfactory.

(5) Any officer of the society or a Liquidator or any person authorised in writing in this behalf by the Registrar may attend the meeting, and if so requested by the Chairman of the meeting, may take part in the discussion but shall not be entitled to vote.

99. *Appointment of Proxy by a creditor unable to attend the meeting.*—(1) A creditor who is unable to be present in the meeting may appoint another person as his proxy in writing in the form set forth in the schedule.

(2) The appointment of proxy shall not be valid unless the form duly filled in is deposited at the office from which the notice of the meeting is issued at least 48 hours before the time fixed for holding the meeting.

100. *Procedure to be followed at meeting.*—(1) On the date, time and place appointed for the meeting the creditors present shall choose a person to be the Chairman of the meeting.

(2) Immediately after the Chairman has been elected he shall read out a statement duly authenticated by an officer authorised in this behalf by the Registrar containing the names of those creditors to whom notices under sub-rule (1) of rule 98 have been issued and the amount due by the society to each.

(3) If as many creditors as are required by sub-section (2) of section 94 are present, the Chairman shall read to the meeting the terms of the proposed compromise or arrangement and shall put to the meeting, the question whether the proposed compromise or arrangement be accepted.

(4) Any creditor present may move an amendment to the compromise or arrangement proposed, if he has given notice of such amendment in accordance with sub-rule (3) of rule 98. provided that—

the Chairman may put to the meeting any amendment proposed by a creditor of which such notice has not been given if a majority of the creditors present agree that such amendment may be considered by the meeting.

(5) Every amendment shall be put to the meeting in such order as the Chairman may consider convenient for the purpose of discussion.

(6) The persons present at the meeting may speak on the motion put by the Chairman or any amendment moved thereto in such order as the Chairman may direct. The Chairman may fix a time limit for speeches.

101. *Minutes of the Meeting.*—(1) The Chairman shall cause minutes to be prepared of the proceedings of the meeting and shall sign them before leaving the meeting.

(2) The minutes shall contain the names of all creditors present at the meeting and if a poll is demanded the name of each creditor voting for or against the motion or any amendment moved thereto.

(3) The Chairman shall forthwith forward to the Registrar a copy of the



minutes of the proceedings of the meeting together with a copy of the terms of the compromise or arrangement, if any, duly signed by him.

102. *Dissolution of meeting if required number of creditors are not present.*—The Chairman shall dissolve the meeting, if the number of creditors required under sub-section (2) of section 94 is not present and shall report to the Registrar.

103. *Publication of compromise or arrangement.*—A compromise or arrangement sanctioned by the Registrar shall be published by the society by—

- (i) displaying it for thirty days in a conspicuous place at the registered office of the society;
- (ii) displaying it at such other conspicuous place in the area over which the society operates and in such other manner as the Registrar, may direct; and
- (iii) sending copies of the same to all creditors to whom notices have been issued under sub-rule (1) of rule 98.

104. *Access to documents.*—The Registrar of Co-operative Societies at all times, and an Auditor at the time of conducting audit of a society, an Arbitrator during the course of arbitration proceedings, and any other person conducting an inspection or enquiry during the course of such inspection or enquiry, shall have free access to the books, accounts, documents, securities, cash and other properties belonging to or in the custody of a society and may call for any information relating to the affairs of a society. The access to documents etc. includes the power to take possession temporarily of all books, accounts, documents, securities, cash and other properties belonging to or in the custody of a society for the purpose of inspection, audit, arbitration or enquiry.

105. *Power to direct payment of dues.*—The Registrar of Co-operative Societies or any other officer invested with any or all powers of the Registrar of Co-operative Societies under the Act may on his motion or on the written requisition of a society or financing bank for the recovery of any loan due by a defaulting member, after due enquiry make an award directing payment by such member of the amount found to be due.

## ENFORCEMENT OF OBLIGATIONS AND RECOVERIES

106. *Charge and Surcharge.*—(1) When the Registrar holds an enquiry under section 98 he shall draw up proceedings against the officer concerned showing the charges against him, and shall—

- (i) supply the officer concerned with a copy of the proceedings and a summary of the evidence which *prima facie* appears against him;
- (ii) call on the officer to furnish his explanation by a specified date;
- (iii) receive and record such evidence as may be adduced; and
- (iv) record a decision;
- (v) a decision recorded by the Registrar under clause (iv) above, shall be enforced in the manner as prescribed for section 97 of the Himachal Pradesh Co-operative Societies Act, 1956 *i.e.* by the Collector as arrears of land revenue demand, upon requisition by the Registrar.

107. *Penalty for certain misdemeanours under section 115.*—If no cause is shown within a specified time or the cause shown is not considered satisfactory the Registrar may order a penalty for every contravention referred to in—

- (a) clause (a) of section 115—a sum not exceeding fifty rupees;

(b) clause (b) of section 115—a sum not exceeding one half of the amount of the loan.

108. *Culpable negligence*.—Negligence in the following matters shall be deemed culpable within the meaning of clause (b) of sub-section (1) of section 98, namely:

- (i) investment, custody and employment of funds, contrary to the provisions of the Act, rules or bye-laws or any written direction of the Registrar given in accordance therewith;
- (ii) failure to remedy audit defects and irregularities when directed by the Registrar under section 75; and
- (iii) failure to file disputes against defaulters and to execute any decree or award within the period of limitation.

109. *Officers responsible for carrying out the directions of the Registrar*.—(1) In deciding under section 99, as to which officer is to be held responsible for the carrying out of his directions the Registrar shall always consider the Secretary to be responsible unless directed by him otherwise or there is anything in the bye-laws, or in any resolution of the general meeting or the managing committee by which a particular duty is entrusted to any officer other than the Secretary.

(2) In accordance with sub-rule (1), the Registrar may call on such persons as he may hold responsible, to carry out any of his directions within such time as he may specify and on his failure may take action against him under section 99.

## WINDING UP AND DISSOLUTION OF CO-OPERATIVE SOCIETIES

110. *Winding up obligatory on the Registrar*.—Where the Registrar has cause to believe that a Co-operative Society:—

- (i) has not commenced working within a period of 12 months from the date of registration; or
- (ii) has not carried on business during the previous 18 months—

he shall after giving the society a notice in such manner as he thinks fit by an order in writing direct that the society be wound up.

111. *Order for winding up a Co-operative Society*.—When the Registrar passes an order under section 103 directing the winding up of a Co-operative Society, he shall—

- (a) publish the order;
  - (i) if the liability of the society exceeds ten thousand rupees, in the Himachal Pradesh Gazette; and
- (b) communicate the order to the society by registered post; and
- (c) send a copy of the order to the financing bank, if any, of which the society is member.

112. *Appointment and removal of Liquidator*.—The appointment and removal of a liquidator shall be published—

- (a) if the liability of the society exceeds Rs. 10,000 in the Himachal Pradesh Gazette; and
- (b) in any other case, in the locality in such manner as the Registrar may think fit.

113. *Remuneration of Liquidator*.—The Liquidator may be allowed such remuneration as the Registrar may decide. Such remuneration may be fixed to cover or exclude the employment of assistants or clerks, office rent or incidental expenses. No money shall be appropriated to such remuneration except in such manner as the Registrar may determine.

114. *Publication of notice.*—After the Liquidator has taken charge of the books he shall publish in such manner as the Registrar may direct a notice in the form set forth in schedule requiring all claims against the society to be forwarded to him within one month of the publication of the notice.

115. *Report and returns to be submitted by the Liquidator.*—The Liquidator shall submit to the Registrar such reports and returns in such form and in such manner as the Registrar may require from time to time.

116. *Meetings of members and creditors.*—The Liquidator may at any time call meetings of the members or of the creditors, or joint meeting of the members and creditors; and such meetings shall be called, held and conducted at such time and place and in such manner as the Liquidator thinks fit.

117. *Issue of summons, notice etc. by a Liquidator.*—(1) The Liquidator may issue summons to persons where attendance is required either to give evidence or to produce documents.

(2) The Liquidator shall himself arrange for service of summons, and shall send warrants, if any, for execution to the competent Magistrate having local jurisdiction. The said Magistrate shall execute the warrants as if issued by himself.

118. *Liquidator to keep notes of deposition.*—The Liquidator shall keep notes of the depositions of persons whose evidence he may have taken.

119. *Banking accounts of Liquidator.*—(1) The Liquidator shall open an account with such bank as the Registrar may approve in the name of the "Liquidator of the . . . . . society".

(2) All moneys received in course of the winding up of the society shall be paid into such account at the bank immediately after receipt thereof.

(3) All payments out of the aforesaid bank account shall be made by the Liquidator by cheques or withdrawal orders signed by him and shall be accounted for in the record maintained for the purpose in the office of the Liquidator.

120. *Distribution of Assets.*—(1) The audit fees due and all cost charges and expenses incurred in the winding up of the society, including the remuneration of the Liquidator, shall be payable in priority to all other claims.

(2) After the liabilities other than owned capital as they stood on the date of order of winding up are paid up, the assets, if any, left with the Liquidator may be employed subject to the approval of the Registrar for the following purposes in the order of priority:—

- (i) proportional refund to members of any contributions realised from them in addition to their own personal debts;
- (ii) prorata refund of share capital; and
- (iii) prorata payment of dividend on the share, if any, at the rate not exceeding six and a quarter per cent per annum for the whole period or part of the period for which it has not been paid including the period of liquidation.

121. *Meeting of Members at the conclusion of liquidation proceedings.*—(1) At the conclusion of the liquidation proceedings the Liquidator shall call a general meeting of the members and place before such meeting:—

- (i) a summary of his proceedings;
- (ii) a report on the cause of the failure of the society.

(2) The members at such meetings after due consideration of the report placed by the liquidator may by a resolution request the Registrar to cancel the Registration or the order for the winding up of the society, as they think fit.

122. *Final report of Liquidator and termination of proceedings.*—(1) After the liquidation proceedings of a society have been closed the liquidator shall submit a final report to the Registrar together with a copy of his report and the resolution referred to in rule 121.

(2) On receipt of the final report from the liquidator the Registrar shall terminate the liquidation proceedings by cancelling either the registration or the order for the winding up of the society.

123. *Audit of society under liquidation and fees for such audit.*—(1) The accounts of a society maintained by the Liquidator shall be audited at least once in each co-operative year at such time and in such manner as the Registrar may determine.

(2) The Liquidator shall pay such fees for the audit as the Registrar may direct.

124. *Termination of liquidation proceedings obligatory on Registrar in certain cases.*—The liquidation proceedings, of a society shall be closed within a period of two years from the date of the order of winding up, unless the period is extended by the Registrar:

Provided that the Registrar shall not grant any extension for a period exceeding one year at a time or 5 years in all and shall immediately after the expiry of seven years from the date of the order for winding up of the society, pass an order cancelling the registration of the society unless for reasons to be recorded in writing he thinks fit to cancel the order for the winding up and permit the society to continue to exist.

*Explanation.*—In the case of a society which is under liquidation at the commencement of these rules, the order for the winding up of the society shall be deemed to have been passed on the date on which these rules come into operation.

125. *Disposal of surplus assets.*—After distribution of the assets as provided in rule 120, the Liquidator shall dispose of the surplus, if any, having due regard to the wishes of the majority of the members present in the meeting convened under rule 121 in the following manner:—

- (a) credit to a special fund of the society namely, capital reserve, if it continues to exist; or
- (b) contribution to any charitable purpose defined in section 2 of the Charitable Endorsement Act, 1890;
- (c) utilisation for any purpose connected with the development of the Co-operative Movement.

126. *Disposal of books etc. by the Liquidator.*—(1) Upon the termination of liquidation proceedings, all books, registers and accounts belonging to the society, and all books, accounts and papers relating to its liquidation proceedings which are in possession of the Liquidator shall be deposited with the Registrar or such person as the Registrar may direct.

(2) After the expiry of three years from the date of the order passed under rule 122, no responsibility shall rest on the Liquidator or the Registrar or any person to whom the custody of the documents may have been committed by reason of the same not being received by any person claiming to be interested therein.

## MISCELLANEOUS

127. *Fees for inspection of public documents filed in the office of the Registrar.*—Any member of the public shall be permitted, on payment of a

fee of one rupee for 2 hours or fraction thereof of inspecting, to inspect for any lawful purpose any public document (exclusive of public documents privileged under sections 123, 124 and 131 of the Indian Evidence Act, 1872) filed in the office of the Registrar of Co-operative Societies, and in particular the following documents, namely—

- (1) The registration register;
- (2) The registration certificate of a society;
- (3) The registered bye-laws of a society and amendments effected in such-bye-laws;
- (4) An order cancelling the registration of a society;
- (5) An order directing the liquidation of a registered society;
- (6) The annual accounts of a society;
- (7) Any decision of the Registrar or award of an arbitrator under rule 90.

128. *Fees for certified copies of public documents.*—The fees prescribed for certified copies of any public documents, which any person has under the preceding rule a right of inspection are as follows:—

For registration certificate	..	Rs. 3	
First two hundred words	..	English	Urdu, Hindi
		12 annas.	6 annas

or under every additional hundred words

or fraction thereof	..	English	Urdu, Hindi
		6 annas	3 annas.

129. *Appointment of salaried staff of Co-operative Societies.*—(1) The Registrar may prescribe minimum academic and other qualifications and the essential training for each category of employees of co-operative societies.

(2) Each society shall observe all rules in regard to recruitment of paid staff and their conditions of service, removal, dismissal and appeal as the Registrar may prescribe.

(3) The final appeal against a penalty imposed by the competent authority against an employee of a society shall lie to the Registrar whose decision shall be final and binding on the parties.

130. *Writing off bad debts and assets.*—No society shall write off, in whole or in part, any debt or other sums due to it or any of its assets without the previous sanction of the Registrar.

131. *Form of declaration.*—A declaration to be made under clause (i) or (viii) of section 56 shall be in the form set forth in the schedule.

132. *Repeal and savings.*—(1) These rules shall replace the previous Rules made under the Co-operative Societies Act.

(2) All appointments and orders made, all Notifications and notices issued, all transactions entered into and all suits and proceedings instituted under the previous rules shall be deemed, so far as may be, to have been made, issued, entered or instituted under these Rules.

### FORM OF DECLARATION

(See rule 131)

I, ..... son of .....  
age ....., residing at .....

having been admitted to the membership of.....  
 ..... Society, Limited/with Unlimited liability being desirous of  
 borrowing loan from the society/and having borrowed loan from the  
 society before.. .....  
 the date of the coming into force of the Himachal Pradesh Co-operative  
 Societies Act, 1956, make this declaration as required by section 56 of the  
 Himachal Pradesh Co-operative Societies Act, 1956, that I own land specified  
 in the schedule, and I hereby create a charge on the said land in favour of  
 the society for the payment of the amount of the loan which the society may  
 make/has made and for all future advances, if any, which the society may make  
 to me subject to the maximum amount of Rs. ....  
 together with interest on such amount of the loan and advances.

### SCHEDULE

Name of village	Name of Tehsil	Name of District	Survey No. Plot No./Khata No.
-----------------	----------------	------------------	----------------------------------

Area		Assessment	Encumbrances, if any		Remarks if any
Big.	Bis.	Approximate value	Nature	Amount	

In witness whereof I, Shri..... here-  
 under set my hand this..... day of.....  
 in the year one thousand nine hundred and.....  
 Signed and delivered by the above named in the presence of:

Witness:

(1)

(2)

*Applicant's/Borrower's Signature.*

Attested by

Forwarded with compliments to the Halqa Patwari with a request to  
 include the particulars of the charge created under declaration in the Record  
 of Rights and to return to the Society for its record.

*Chairman*

*Secretary*

Society.

Returned with compliments to the Chairman .....  
 Society Limited/Unlimited. The charge created under the declaration is duly

included in the Record of Rights on the .....day  
of.....19....., and the land charged is free from any  
previous encumbrance.

*Patwari.*

FORM OF APPLICATION FOR DEMARCATION OF THE IRRIGABLE  
AREA UNDER SECTION 64  
(Rule 72)

To

The Collector of.....

The application of.....Co-operative Society  
for demarcation of the irrigable area under section 64 of the Himachal Pradesh  
Co-operative Societies Act, 1956.

1. Particulars of the society —

- (a) Registered name of the society.....
- (b) Date of registration.....
- (c) Address.....

2. Particulars of source of irrigation—

- (a) Description with boundaries.....
- (b) Local name.....

3. Particulars of the persons having

right of irrigation.....

(Separate lists to be drawn up for members and non-members).

Name and address of the members or non- members	Khasra No.	Class of land	Boun- daries	Area		Remarks
				Bigha	Biswa	
1	2	3	4	5	6	7

*Signature of Secretary.*

FORM OF APPLICATION FOR DEMARCATION OF THE PROTECTED  
AREA UNDER SECTION 65  
(Rule 72)

To

The Collector of.....

The application of.....Co-operative Society for  
demarcation of the area protected by embankment under section 65 of the  
Himachal Pradesh Co-operative Societies Act, 1956.

1. Particulars of the society —

- (a) Registered name of the society.....
- (b) Date of registration.....



(c) Address.....

2. Particulars of the embankment—

(a) Description with boundaries.....

(b) Local name, if any.....

3. Particulars of the land and persons

benefited by the embankment.....

Name and address of the person (member or non-member)	Khasra No.	Class of land	Boun- daries	Area		Remarks
				Bigha	Biswa	

*Signature of Secretary.*

FORM OF NOTICE

(Rule 72)

Notice is hereby given that an application (copy enclosed) under section 64 (1)/section 65 (1) of the Himachal Pradesh Co-operative Societies Act, 1956, has been received from..... Society, ..... (Address).....

for the demarcation of the area irrigable from the source of irrigation/protected by the embankment as specified therein..... (designation of officer) has been deputed to prepare a map of the irrigable/protected area and also a statement of the cultivable/protected land included therein, on.....(date). Persons interested are hereby required to appear before him when he visits the locality and help him in the correct preparation of the map and the statement.

FORM OF STATEMENT

[Rule 73(2)]

1. Name and address of the persons in possession (member or non-member).....
2. Name of Mauza.....
3. Khatauni No.....
4. Khasra No.....
5. Class of land.....
6. Area in Bighas.....
7. Boundaries.....

*Signature*.....

*Date*.....

## FORM OF CERTIFICATE FOR TRANSFER OF PROPERTY UNDER SECTION 93

[See rule 96(5)]

In the case of immovable property—

Whereas in execution of the award or awards passed under section 88 or an order or orders made by a Liquidator under section 105 of the Himachal Pradesh Co-operative Societies Act, 1956 in favour of the ..... Society ..... an order was made on the ..... day of ..... 19 , for the sale of the undermentioned property of the person or persons (defaulter or defaulters) and whereas the Court or the Collector is satisfied that the said property cannot be sold for want of buyers.

It is hereby ordered under sub-section (1) of section 93 of the said Act that the right, title and interest of the defaulter shall vest in the said society and shall be delivered to the society subject to the terms and conditions laid down in the schedule hereto annexed.

### DESCRIPTION OF THE PROPERTY

Survey No.	Area and assessment	Nature of right, title and interest of the defaulter	Details of encum- brances to which property is subject
---------------	------------------------	--	--

The said property is transferred to the society in full/partial satisfaction of the amount due to it from the defaulter.

Given under my hand and the seal of the Court or Collector this ..... day of ..... 19 ..

Court of Collector.

In the case of movable property—

(The form will be similar with necessary changes as regards the description and the delivery of property).

By order of the Himachal Pradesh Administration.

### FORM OF PROXY

(Rule 99)

The ..... Co-operative Society (Limited).

I ..... of ..... in the district of ..... being a member of the ..... Co-operative Society (Limited) hereby appoint ..... of ..... as my proxy to vote for me and on my behalf at the (ordinary or extraordinary) general meeting of the .....

Co-operative Society to be held on the.....day of.....  
19 , and at any adjournment thereof.

Signed this.....day of.....19 .

Signature.....(2 annas stamp).

Witness:

Name .....

Address .....

### FORM OF LIQUIDATOR'S NOTICE

(Rule 114)

In the matter of .....Co-operative Society  
.....in the District of.....,  
under orders of winding up.

Notice is hereby given that the above mentioned society has been placed under liquidation in order No....., dated.....19 , and the undersigned has been appointed as Liquidator of the above society under section 104 of the Himachal Pradesh Co-operative Societies Act, 1956 (Act No. 13 of 1956), all creditors of the above society are hereby required within one month from the date of this Notification, to send their names and addresses and the particulars of their claims to the undersigned as the Liquidator of the said society.

Date.....

*Signature of Liquidator.*